
Introduced by Senator Perata

February 22, 2005

An act to amend Section 7104 of the Revenue and Taxation Code, relating to transportation.

LEGISLATIVE COUNSEL'S DIGEST

SB 1025, as introduced, Perata. Transportation Investment Fund.

Article XIX B of the California Constitution requires, commencing with the 2003-04 fiscal year, sales taxes on motor vehicle fuel that are deposited in the General Fund to be transferred to the Transportation Investment Fund for allocation to various transportation purposes, unless the transfer is suspended in whole or in part for a fiscal year due to a fiscal emergency. For the period of time between 2003-04 and 2007-08 fiscal years, funds in the Transportation Investment Fund are to be allocated to state and local transportation needs pursuant to certain formulas. These allocation provisions become inoperative on the date that all encumbrances incurred for certain projects have been liquidated, or on June 30, 2008, whichever date is later, and are repealed on January 1 immediately following the inoperative date.

This bill would delete these inoperative and repeal provisions.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 7104 of the Revenue and Taxation Code
- 2 is amended to read:
- 3 7104. (a) The Transportation Investment Fund (hereafter the
- 4 fund) is hereby created in the State Treasury. Notwithstanding
- 5 Section 13340 of the Government Code, the money in the fund is

1 continuously appropriated without regard to fiscal years for
2 disbursement in the manner and for the purposes set forth in this
3 section.

4 (b) All of the following shall occur on a quarterly basis:

5 (1) The State Board of Equalization, in consultation with the
6 Department of Finance, shall estimate the amount that is
7 transferred to the General Fund under subdivision (b) of Section
8 7102 that is attributable to revenue collected for the sale, storage,
9 use, or other consumption in this state of motor vehicle fuel, as
10 defined in Section 7304.

11 (2) The State Board of Equalization shall inform the
12 Controller, in writing, of the amount estimated under paragraph
13 (1).

14 (3) Commencing with the 2003–04 fiscal year, the Controller
15 shall transfer the amount estimated under paragraph (1) from the
16 General Fund to the fund.

17 (c) For each quarter during the period commencing on July 1,
18 2003, and ending on June 30, 2008, the Controller shall make all
19 of the following transfers and apportionments from the funds
20 identified for transfer under paragraph (2) of subdivision (b) in
21 the following order:

22 (1) To the Traffic Congestion Relief Fund created in the State
23 Treasury by Section 14556.5 of the Government Code, the sum
24 of one hundred sixty-nine million five hundred thousand dollars
25 (\$169,500,000), except that the transfer for the final quarter shall
26 be ninety-three million four hundred thousand dollars
27 (\$93,400,000), for a total transfer of three billion three hundred
28 thirteen million nine hundred thousand dollars (\$3,313,900,000).

29 (2) To the Public Transportation Account, a trust fund in the
30 State Transportation Fund, 20 percent of the amount remaining
31 after the transfer required under paragraph (1). Funds transferred
32 under this paragraph shall be appropriated by the Legislature as
33 follows:

34 (A) To the Department of Transportation, 50 percent for
35 purposes of subdivision (a) or (b) of Section 99315 of the Public
36 Utilities Code.

37 (B) To the Controller, 25 percent for allocation pursuant to
38 Section 99314 of the Public Utilities Code. Funds allocated under
39 this subparagraph shall be subject to all of the provisions

governing funds allocated under Section 99314 of the Public Utilities Code.

(C) To the Controller, 25 percent for allocation pursuant to Section 99313 of the Public Utilities Code. Funds allocated under this subparagraph shall be subject to all of the provisions governing funds allocated under Section 99313 of the Public Utilities Code.

(3) To the Department of Transportation for expenditure for programming for transportation capital improvement projects subject to all of the provisions governing the State Transportation Improvement Program, 40 percent of the amount remaining after the transfer required under paragraph (1), except that in the 2006–07 and 2007–08 fiscal years, the transfer shall be 80 percent of the amount remaining after the transfer required under paragraph (1).

(4) To the Controller for apportionment to the counties, including a city and county, 20 percent of the amount remaining after the transfer required under paragraph (1), except that in the 2006–07 and 2007–08 fiscal years, no transfer may be made under this paragraph. Funds transferred under this paragraph shall be allocated in accordance with the following formulas:

(A) Seventy-five percent of the funds payable under this paragraph shall be apportioned among the counties in the proportion that the number of fee-paid and exempt vehicles that are registered in the county bears to the number of fee-paid and exempt vehicles registered in the state.

(B) Twenty-five percent of the funds payable under this paragraph shall be apportioned among the counties in the proportion that the number of miles of maintained county roads in each county bears to the total number of miles of maintained county roads in the state. For the purposes of apportioning funds under this subparagraph, any roads within the boundaries of a city and county that are not state highways shall be deemed to be county roads.

(5) To the Controller for apportionment to cities, including a city and county, 20 percent of the amount remaining after the transfer required under paragraph (1), except that in the 2006–07 and 2007–08 fiscal years, no transfer may be made under this paragraph. Funds transferred under this paragraph shall be apportioned among the cities in the proportion that the total

1 population of the city bears to the total population of all the cities
2 in the state.

3 (d) Funds received under paragraph (4) or (5) of subdivision
4 (c) shall be deposited as follows in order to avoid the
5 commingling of those funds with other local funds:

6 (1) In the case of a city, into the city account that is designated
7 for the receipt of state funds allocated for transportation
8 purposes.

9 (2) In the case of a county, into the county road fund.

10 (3) In the case of a city and county, into a local account that is
11 designated for the receipt of state funds allocated for
12 transportation purposes.

13 (e) Funds allocated to a city, county, or city and county under
14 paragraph (4) or (5) of subdivision (c) shall be used only for
15 street and highway maintenance, rehabilitation, reconstruction,
16 and storm damage repair. For purposes of this section, the
17 following terms have the following meanings:

18 (1) "Maintenance" means either or both of the following:

19 (A) Patching.

20 (B) Overlay and sealing.

21 (2) "Reconstruction" includes any overlay, sealing, or
22 widening of the roadway, if the widening is necessary to bring
23 the roadway width to the desirable minimum width consistent
24 with the geometric design criteria of the department for 3R
25 (reconstruction, resurfacing, and rehabilitation) projects that are
26 not on a freeway, but does not include widening for the purpose
27 of increasing the traffic capacity of a street or highway.

28 (3) "Storm damage repair" is repair or reconstruction of local
29 streets and highways and related drainage improvements that
30 have been damaged due to winter storms and flooding, and
31 construction of drainage improvements to mitigate future
32 roadway flooding and damage problems, in those jurisdictions
33 that have been declared disaster areas by the President of the
34 United States, where the costs of those repairs are ineligible for
35 emergency funding with Federal Emergency Relief (ER) funds or
36 Federal Emergency Management Administration (FEMA) funds.

37 (f) (1) Cities and counties shall maintain their existing
38 commitment of local funds for street and highway maintenance,
39 rehabilitation, reconstruction, and storm damage repair in order

1 to remain eligible for the allocation of funds pursuant to
2 paragraph (4) or (5) of subdivision (c).

3 (2) In order to receive any allocation pursuant to paragraph (4)
4 or (5) of subdivision (c), the city or county shall annually expend
5 from its general fund for street, road, and highway purposes an
6 amount not less than the annual average of its expenditures from
7 its general fund during the 1996–97, 1997–98, and 1998–99
8 fiscal years, as reported to the Controller pursuant to Section
9 2151 of the Streets and Highways Code. For purposes of this
10 paragraph, in calculating a city’s or county’s annual general fund
11 expenditures and its average general fund expenditures for the
12 1996–97, 1997–98, and 1998–99 fiscal years, any unrestricted
13 funds that the city or county may expend at its discretion,
14 including vehicle in-lieu tax revenues and revenues from fines
15 and forfeitures, expended for street and highway purposes shall
16 be considered expenditures from the general fund. One-time
17 allocations that have been expended for street and highway
18 purposes, but which may not be available on an ongoing basis,
19 including revenue provided under the Teeter Plan Bond Law of
20 1994 (Chapter 6.6 (commencing with Section 54773) of Part 1 of
21 Division 2 of Title 5 of the Government Code, may not be
22 considered when calculating a city’s or county’s annual general
23 fund expenditures.

24 (3) For any city incorporated after July 1, 1996, the Controller
25 shall calculate an annual average of expenditure for the period
26 between July 1, 1996, and December 31, 2000, that the city was
27 incorporated.

28 (4) For purposes of paragraph (2), the Controller may request
29 fiscal data from cities and counties in addition to data provided
30 pursuant to Section 2151, for the 1996–97, 1997–98, and
31 1998–99 fiscal years. Each city and county shall furnish the data
32 to the Controller not later than 120 days after receiving the
33 request. The Controller may withhold payment to cities and
34 counties that do not comply with the request for information or
35 that provide incomplete data.

36 (5) The Controller may perform audits to ensure compliance
37 with paragraph (2) when deemed necessary. Any city or county
38 that has not complied with paragraph (2) shall reimburse the state
39 for the funds it received during that fiscal year. Any funds
40 withheld or returned as a result of a failure to comply with

1 paragraph (2) shall be reallocated to the other counties and cities
2 whose expenditures are in compliance.

3 (6) If a city or county fails to comply with the requirements of
4 paragraph (2) in a particular fiscal year, the city or county may
5 expend during that fiscal year and the following fiscal year a total
6 amount that is not less than the total amount required to be
7 expended for those fiscal years for purposes of complying with
8 paragraph (2).

9 (7) The allocation made under paragraph (4) or (5) of
10 subdivision (c) shall be expended not later than the end of the
11 fiscal year following the fiscal year in which the allocation was
12 made, and any funds not expended within that period shall be
13 returned to the Controller and shall be reallocated to the other
14 cities and counties pursuant to the allocation formulas set forth in
15 paragraph (4) or (5) of subdivision (c).

16 (g) The Los Angeles County Metropolitan Transportation
17 Authority shall give first priority for using its share of the funds
18 made available under subparagraphs (B) and (C) of paragraph (2)
19 of subdivision (c) to providing the levels of bus service mandated
20 under the consent decree entered into by the authority on October
21 29, 1996, in the case of Labor/Community Strategy Center, et al.
22 v. Los Angeles County Metropolitan Transportation Authority.

23 (h) For the purpose of allocating funds under paragraph (4) or
24 (5) of subdivision (c) to counties, cities, and a city and county,
25 the Controller shall use the most recent population estimates
26 prepared by the Demographic Research Unit of the Department
27 of Finance. For a city that incorporated after January 1, 1998,
28 that does not appear on the most recent population estimates
29 prepared by the Demographic Research Unit, the Controller shall
30 use the population determined for that city under Section 11005.3
31 of the Revenue and Taxation Code.

32 ~~(i) This section shall become inoperative on the date that all~~
33 ~~encumbrances incurred for the projects funded under paragraph~~
34 ~~(3) of subdivision (c) have been liquidated or on June 30, 2008,~~
35 ~~whichever date is later, and as of the January 1 immediately~~
36 ~~following that date is repealed.~~